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SOCIAL SECURITY AND UNEMPLOYMENT COMPENSATION BENEFITS

SECTION I: SOCIAL SECURITY

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1. GENERAL

- a. This regulation prescribes Agency policy, responsibilities, and procedures in the administration of the social security program for Agency employees and provides general information on employee benefits and obligations under the Social Security Act of 1935, as amended.
- b. The provisions of this regulation are based upon the Social Security Act of 1935, as amended, and agreements reached between the Agency and the Internal Revenue Service and the Bureau of Old Age and Survivors' Insurance. For security reasons, the Agency will maintain social security records for employees subject to social security deductions by the Agency until their separation from the Agency or death. Social security taxes on such employees will be paid on a quarterly basis without acknowledging the number or names of the individuals involved.

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2. DEFINITIONS

a. EMPLOYEES SUBJECT TO SOCIAL SECURITY DEDUCTIONS BY THE AGENCY

The phrase "employees subject to social security deductions by the Agency" means those Agency employees mandatorily covered by the Social Security Act and whose records of wage earnings are maintained within the Agency until after their separation or death.

b. FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA) TAXES

FICA taxes are social security taxes levied on the first \$4,200 of an employee's yearly gross income. The Social Security Act requires that the employer and the employee each contribute 2 percent of the employee's taxable wages. The Act also requires the employer to deduct the employee's contribution from his gross taxable wages.

3. POLICY

The Agency will attempt to overcome the security difficulties involved in providing coverage for employees subject to social security deductions by the Agency by maintaining employees' social security records within the Agency until their separation or death, and by withholding and forwarding FICA taxes in a manner consistent with security considerations. The Agency will assume certain responsibilities, normally devolving upon the Bureau of Old Age and Survivors' Insurance, in order to make feasible the social security coverage of its employees for periods of active employment in CIA. Upon request, the Agency will provide employees with information concerning their status, privileges, and wage credits under the social security program.

4. COVERAGE OF EMPLOYEES SUBJECT TO SOCIAL SECURITY DEDUCTIONS BY THE AGENCY

- a. In general, the Agency will deduct FICA taxes and maintain internal wage records for employees stationed in the United States, and for United States citizen employees stationed overseas, who are not subject to the Civil Service Retirement Act or to full social security deductions by their cover organizations. Subject to paragraph 4b below, the following employees are subject to social security deductions by the Agency:

- (1) Contract employees

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- (2) Employees appointed on a temporary basis
- (3) Reemployed annuitants who are not subject to the Civil Service Retirement Act or to some other Federal retirement system.
- b. The following types of Agency personnel are excluded from social security deductions by the Agency:
 - (1) Employees covered by the Civil Service Retirement Act
 - (2) Independent contractors
 - (3) Non-United States citizen employees who are employed outside the continental United States, Alaska, Hawaii, the Virgin Islands, and Puerto Rico
 - (4) Consultants or experts who are compensated either on a fee basis or without compensation (WOC)
 - (5) Employees who are subject to full social security deductions by a cover organization as an incident of their cover
- c. The compulsory coverage of employees hired by contract instrument became effective on 1 January 1955.

5. RESPONSIBILITIES

a. DIRECTOR OF PERSONNEL

The Director of Personnel, his Deputy, and the Special Contracting Officer, are responsible for determining and informing the Comptroller of those employees subject to social security deductions by the Agency, based on information available to the Office of Personnel or made available to it by the Operating Officials* concerned; and for acting in a liaison capacity with Social Security officials concerning the administration of the social security program.

* Operating Officials include: Chiefs of Senior Staffs and Area Divisions under jurisdiction of the Deputy Director (Plans); the Assistant Directors under jurisdiction of the Deputy Director (Intelligence); and Chiefs of Staffs, the Comptroller, the General Counsel, and Directors of Offices under jurisdiction of the Deputy Director (Support).

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b. OPERATING OFFICIALS

Operating Officials are responsible for ensuring, within their areas of jurisdiction, that contracts, or memorandums in lieu of contracts, executed in the field are immediately forwarded to headquarters, and for transmitting the contracts, or memorandums in lieu of contracts, to the Special Contracting Officer, Office of Personnel.

c. COMPTROLLER

The Comptroller is responsible for:

- (1) Obtaining a signed Form SS-5: Application for Social Security Account Number from each employee subject to social security deductions by the Agency.
- (2) Maintaining an individual record of each employee's taxable wage earnings until his separation or death.
- (3) Transmitting to the Internal Revenue Service a quarterly return of FICA taxes due on all employee accounts maintained within the Agency.

6. GENERAL INFORMATION CONCERNING SOCIAL SECURITY COVERAGE

- a. In order that an employee can qualify for monthly payments when he reaches age 65 and retires or in order that eligible members of his family can be considered for benefits, he must have been in work covered by the Social Security Act for a certain period of time. The amount of work required is measured in calendar "quarters of coverage." If he is paid \$50 or more in wages during a calendar quarter, he receives credit for a "quarter of coverage." (A calendar quarter is a three-month period beginning 1 January, 1 April, 1 July, or 1 October.) After an employee has earned the maximum income subject to FICA taxes (\$4,200) full coverage for the year is counted even though the \$4,200 was earned during the first, second, or third quarter.
- b. In order to receive social security benefits an employee must have a minimum of six quarters of coverage and he is "fully insured" for life after he acquires 40 quarters of coverage.
7. SUSPENSION OF PAYMENTS TO SOCIAL SECURITY BENEFICIARIES WHO EARN MORE THAN \$1,200
 - a. Beginning 1 January 1955, a retired worker, dependent, or survivor who is under age 72 and is eligible for social security payments can receive

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payments for each month during a year until his earnings exceed \$1,200. If he earns over \$1,200, payments will not be made for one or more months as determined by the Bureau of Old Age and Survivors' Insurance. The \$1,200 of earnings allowed a retired individual may be composed wholly or partially from wages (including compensation earned outside the Agency), and such wages are counted unless the employee can prove that the money was received without actual services having been rendered. The \$1,200 may also be composed wholly or partially from self-employment and such income will be counted unless the individual concerned can show that he did not render "substantial services" for the income. Income from property, investments, company pensions, and insurance is not counted for this purpose.

- b. Inasmuch as the provisions of paragraph a, above, apply to all Agency personnel who are receiving social security payments, irrespective of whether or not they are subject to social security deductions by the Agency, each individual who earns \$1,200 or more in a given year is required by law to notify the Bureau of Old Age and Survivors' Insurance.
 - c. The individual concerned will report this information to the Division of Accounting Operations, Bureau of Old Age and Survivors' Insurance, Baltimore, without indicating his Agency affiliation. The letter of notification will be submitted through channels to the Office of Security for its review, prior to transmission to the Bureau. When appropriate, the letter will be transmitted to the Office of Security through the Central Cover Branch, DD/P.
8. PROCEDURES FOR INTERNAL ADMINISTRATION OF THE SOCIAL SECURITY PROGRAM
- a. DETERMINATION OF EMPLOYEES SUBJECT TO SOCIAL SECURITY DEDUCTIONS BY THE AGENCY
- (1) When an employee is hired by a personnel action or contract instrument executed within the Office of Personnel, the Office of Personnel will determine whether the employee concerned is subject to social security deductions by the Agency. The personnel action or contract instrument will specify social security coverage when applicable.
 - (2) When a United States citizen is hired by a contract instrument executed in the field, the Operating Official concerned will ensure that the contract, or memorandum in lieu thereof, is transmitted to headquarters and forwarded to the Special Contracting

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Officer, together with a statement of the nature and type of duties performed, in order that determination can be made as to whether or not the individual is subject to social security deductions by the Agency. If it is determined that the individual is subject to social security deductions by the Agency, the Special Contracting Officer will notify the Office of the Comptroller.

- (3) If the nature or conditions of an individual's service changes subsequent to the time he is first employed and, as a consequence, it appears that he either is subject to deductions by the Agency, or is no longer covered by the Social Security Act, the Operating Official concerned will notify the Office of Personnel of the changed circumstances of the individual's employment. The Office of Personnel will review the information presented and, if appropriate, advise the Office of the Comptroller in writing that the individual is subject to social security deductions by the Agency or is no longer subject to deductions, as applicable in the case.

b. EXECUTION OF FORM SS-5: APPLICATION FOR SOCIAL SECURITY ACCOUNT NUMBER

- (1) Form SS-5 will be executed by all employees subject to social security deductions by the Agency irrespective of whether or not they have been assigned a social security account number. This procedure has been concluded with the Bureau of Old Age and Survivors' Insurance in lieu of having employees obtain numbers while engaged in Agency employment. No employee will apply for an account number in connection with Agency employment except in accordance with the provisions of this regulation.
- (2) The Office of the Comptroller will request, through the Operating Official concerned, the execution of Form SS-5 by each individual who is determined to be subject to social security deductions by the Agency following his employment by covert contract, executed either by the Special Contracting Officer or by a Chief of Station in the field. Since the Agency's agreement with the Bureau of Old Age and Survivors' Insurance necessitates that the form be completed when an employee is first covered in CIA by the Social Security Act, the Office of the Comptroller will initiate the request as soon as it is informed that an employee is subject to social security deductions by the Agency. The request for execution of the form will serve as notification to the employee concerned that he is subject to social security deductions by the Agency and has coverage under the Social Security Act.

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- (3) The Office of Personnel will obtain completion of Form SS-5 by each employee who is appointed by an official personnel action or employed by a contract other than a covert contract.
 - (4) Although the agreement with the Bureau of Old Age and Survivors' Insurance requires that Form SS-5 be executed in true name when the employee is initially covered within the Agency, it will not be forwarded to the Bureau by CIA until after the employee's separation or death. The date, name of the employer, and age and mailing address of the employee will not be shown on the form until the time of the employee's separation. (When required for security considerations, the form, and wage credits of an employee, may be forwarded to the Bureau in a secure manner without indicating Agency affiliation.)
 - (5) Each SS-5 will be forwarded to the Office of the Comptroller for retention in a secure manner until the death or separation of the employee concerned.
- c. INFORMATION TO EMPLOYEES ON WAGE EARNINGS AND SOCIAL SECURITY COVERAGE
- (1) At the time an employee is asked to complete the SS-5, or prior thereto if his coverage is known, he will be informed by the Office of Personnel, case officer, or supervisor, as appropriate, that any questions involving the amount of his Agency earnings creditable toward benefits must be submitted through established channels to the Office of the Comptroller. As long as he is employed by CIA and for a sufficient time thereafter as is necessary to transfer his records to the Bureau, no inquiries can be made to the Bureau of Old Age and Survivors' Insurance concerning his social security status as the result of Agency employment, without impairing security sources, inasmuch as the Bureau will have no record of the employment.
 - (2) If an employee receives a Form W-2, Withholding Tax Statement, and he has any questions concerning the accuracy of the wages reported on the form, he should refer his questions through established channels to the Office of the Comptroller.
 - (3) When an employee is separated, he will be informed by the Office of Personnel, case officer, or supervisor that no inquiry can be made to the Bureau of Old Age and Survivors' Insurance concerning the crediting of his wage earnings for social security as a result of Agency employment until after his records are forwarded to the Bureau. If the employee has an occasion to

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contact the Bureau as an applicant for benefits, he will be instructed to defer any inquiry until he receives notification that his records have been forwarded to the Bureau.

- (4) If the employee is unwitting of his Agency affiliation, he will be instructed to submit any questions he may have concerning his coverage to a designated person, or by forwarding his inquiries to a secure address, rather than contacting the Bureau. If the members of the immediate family of an employee are unaware of his Agency employment, they will be instructed at the time of his death to submit any questions concerning social security coverage to a designated official or address, rather than contacting the Bureau.
- (5) The Office of Personnel will be given immediate notification of the death of each employee whose social security records are maintained within the Agency in accordance with Agency procedures for reporting emergency cases. This requirement is essential since immediate action will have to be taken when the beneficiary is eligible for a lump-sum payment for burial expenses.

d. MAINTENANCE OF WAGE RECORDS WITHIN CIA

- (1) The Office of the Comptroller will maintain a record of the quarterly earnings of each employee concerned in accordance with procedures adaptable to receipt of the information by the Bureau of Old Age and Survivors' Insurance after the employee's separation or death.
- (2) The individual records of quarterly earnings for the employees affected will be identified by a numerical code, keyed to a separately maintained list of employee names. Code numbers will be assigned in sequence to employees in the order they are made subject to social security deductions by the Agency.
- (3) In accordance with the agreement between the Agency and the Bureau of Old Age and Survivors' Insurance, cleared representatives of the Division of Accounting Operations, DOASL, may conduct periodic inspections of the social security records maintained for employees subject to social security deductions by the Agency.

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- (a) The Office of the Comptroller will maintain individual records by code number so that these inspections will not require access to employee listings.
 - (b) The audit may include a balancing of quarterly wage earnings with tax remittances paid to the Internal Revenue Service and an inspection of internal processes for the maintenance of individual wage records.
- e. FORWARDING OF EMPLOYEE WAGE RECORDS TO THE BUREAU OF OLD AGE AND SURVIVORS' INSURANCE
- (1) Following the separation or death of an employee whose social security records are maintained within the Agency, the Comptroller will forward the record of the employee's wage earnings and the Form SS-5 to the Office of Personnel through the Operating Official concerned; the Central Cover Branch, DD/P; and the Office of Security, respectively.
 - (a) The Operating Official concerned will enter on the SS-5 the age and mailing address of the employee and will comment in writing if operational considerations necessitate special processing as indicated in paragraph (2) below.
 - (b) If appropriate, the Central Cover Branch, DD/P, will comment on the cover aspects of the transferring of such records to the Bureau of Old Age and Survivors' Insurance. The Office of Security will comment from the standpoint of overall security.
 - (2) If the nature of the individual's employment prevents acknowledgement of his CIA affiliation following his separation, action may be taken to:
 - (a) Handle the case through cleared officials in the Bureau of Old Age and Survivors' Insurance and process the employee's records in the name of a fictitious employer, which is known to be CIA only by the cleared officials in the Bureau.
 - (b) Delay the processing of the case for a stated period, generally not to exceed 11 months from the date of the employee's separation.

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- (3) Consistent with security considerations, requests for special handling must be confined to an absolute minimum.
 - (4) After determining the method of processing, the Office of Personnel will complete the data on the employee's records, i.e., name of employer, and forward the records to the Bureau.
- f. PAYMENT OF FICA TAXES ON EMPLOYEES WHOSE RECORDS ARE MAINTAINED BY THE AGENCY
- (1) The Office of the Comptroller will make a determination of the quarterly taxes due for the employees who are subject to social security deductions by the Agency. The amount, consisting of Agency and employee contributions, will be forwarded to the Internal Revenue Service.
 - (2) The number and individual names (or account numbers) of the employees subject to deductions during the quarter involved will not be revealed outside the Agency in the payment of taxes.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

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